

CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT (CTBID) BOARD

MINUTES

August 31, 2006

1:00 p.m.

**1635 Faraday Avenue, Room 173A
Carlsbad, CA**

I. CALL TO ORDER: 1:06 p.m.

Chairperson April Shute called the meeting to order at 1:06 p.m.

II. ROLL CALL:

Madame Chair took roll call and six Directors were present; Mr. Ted Vallas was absent. Mr. Elliott introduced Mrs. Cheryl Gerhardt to the Board members. Mrs. Gerhardt is the new staff liaison assigned to assist the Board. Mr. Elliott will serve as an ex-officio member of the Board.

III. APPROVE MINUTES OF JUNE 15, 2006 AND JUNE 21, 2006 MEETINGS

Mr. Cima made a motion, seconded by Mr. Stripe, to approve the minutes of the June 15, 2006 and June 21, 2006 meetings.

IV. AB # 0806-10 – APPROVE REPORT TO THE CITY COUNCIL

Mrs. Gerhardt highlighted key points from the 2006-07 Annual Report. An annual report to the City Council is required by law. She provided a re-cap of the 2005-06 activity. The \$1 per room night assessment went into effect on January 1, 2006. The first remittance by the hotels was due by the end of February and no cash was reported until that time. The CTBID contracted for services from the Carlsbad Convention and Visitors Bureau (CCVB) and the San Diego North Convention and Visitors Bureau (SDNCVB) from March 1 through June 30, 2006 at the same level that they were being provided under their contracts with the City. In addition, the Board authorized the repayment of funds advanced by the City of Carlsbad for the costs related to the formation of the CTBID. These costs totaled \$33,500 and were to be paid in equal installments over a six-month period. This loan was paid off as of June 30, 2006.

In June 2006, the CTBID Board approved extension of the agreements with CCVB and SDNCVB for tourism promotion until December 31, 2006.

Mrs. Gerhardt reviewed the 2006-07 proposed budget. Revenues were estimated based upon the \$1 per room night, and projected 3600 hotel rooms at an average occupancy rate of 60%. There is \$500,000 that has not been allocated to a specific contract or project, as the Board members have not made a commitment at this point where to allocate those dollars. There is a range of choices including contract extensions with the two Bureaus or other tourism-related activities. The projected fund balance includes a 10% contingency amount.

Mr. Canepa stated he feels the 60% occupancy rate is low and questioned if that number included time shares. Mr. Stripe responded that time shares at his property comprise 21% to 22% of all available room nights. This Board decided at its inception that the \$1 is based on transient occupancy and time share owners to do not pay the \$1.

Mrs. Gerhardt intends to present the annual report to the City Council at its September 19, 2006 meeting for adoption and approval.

Mr. Cima stated that because this is the first year of this program, he feels the contingency amount should be higher and suggested 20%. The TBD contractual services budget amount of \$500,000 should be lowered. Mr. Stripe made a motion, seconded by Mrs. Howard-Jones, to increase the contingency to 20% and to adjust the Contractual Services amount accordingly; and to approve the annual report as amended.

Action: Mrs. Gerhardt will revise the report and submit it to the City Council.

V. AB #0806-11 – DISCUSSION ITEMS

Mr. Elliott explained that the Discussion Items may be discussed, but no action can be taken. The Board members may direct staff and an action agenda bill will be presented at the next meeting. It is critical that the Board plan their direction for the remainder of the fiscal year, from January through June, 2007. A decision must be made regarding extending the contracts with the two Bureaus, as they expire on December 31, 2006.

Mr. Stripe asked if the Board must send notification to the City Council of Cheryl Gerhardt's appointment as the staff liaison to the Board. Mr. Elliott replied that a letter from the Chair would be appropriate to submit to the City Council.

Action: Mr. Elliott will draft a letter to the City Council from Madame Chair Shute explaining a part-time staff liaison has been hired to assist the Board and the Board wishes to retain her through the remainder of the fiscal year. The

letter will be included with the annual report and addressed at the September 19, 2006 City Council meeting.

Mr. Cima expressed an interest for staff to assist the Board to evaluate the activities of the two Bureaus, develop measurement criteria, and create a template to help the Board make solid fiscal decisions. A workshop could be scheduled with a group of hoteliers and staff to brainstorm different options. Mr. Stripe is concerned that the Board is not receiving a proper analysis of the money that is spent. A large portion is allocated to the operation of the Visitors Information Center and marketing efforts. He would prefer to also see actual room nights, room rates, and ancillary revenue, such as food and beverage. The reports need to be quantitative as well as qualitative for all Carlsbad properties. Mr. Stripe referred to the spreadsheet that was included in the Request for Proposal, which he had prepared.

Action: Mr. Elliott stated staff will discuss these concerns with both Bureaus and report to the Board at its next meeting.

Mr. Elliott encouraged the Board members to decide if they wish to extend the agreements with both Bureaus for January through June, 2007. He suggested the Board meet again in late October or early November to consider contract extensions and a follow-up meeting to take action.

Action: An agenda item for the next meeting will be contract extensions for January through March, 2007 with the CCVB and SDNCVB.

Mr. Stripe shared an idea that the CTBID might sponsor a major event(s) in Carlsbad. He suggested holding a workshop with representatives from Legoland, restaurants, hotels, residents, and staff. The workshop agenda could focus on the future and vision of the CTBID. Mr. Elliott stated that there is a lot of expertise among City staff who could assist in this endeavor.

Mr. Ball stated that when the Board members decide how to measure success and what programs and policies they wish to adopt, it can become part of a work plan. The Board sets policy and then enters into a contract to pay someone to perform the actual work.

Action: Programs, policies and work plans will be a discussion item at the next meeting.

VI. NEXT MEETING

The next regular meeting will be held on Thursday, October 19, 2006, from 1:00 to 3:00 p.m. in Faraday Room 173A.

PUBLIC COMMENT

Ms. Nancy Nayudu, owner of the Pelican Cove Inn, requested that the Board consider increasing the number of members to ten or twelve, instead of the current seven. She feels that the smaller properties are under-represented. Mrs. Nayudu also requested that the Board ask the City Council to re-engage in its partnership role with the Carlsbad CVB and provide monies needed to cover all operational expenses for the Visitor Information Center.

Ms. Cami Mattson, President and CEO of the SDNCVB, referred to the Performance Measure document that was distributed to the Board members today and asked that this document be utilized as a benchmark and reporting mechanism.

Mr. Patrick Fearn, Chair of the CCVB, encourages the City Council to provide City funding for the operation of the Visitor Information Center and all elements associated with marketing and promoting the Carlsbad brand.

Mr. Kurt Burkhart, Executive Director of the CCVB, requested that the City Council return to what was previously a public-private partnership. They request specific funding for the Visitor Information Center and for important programs that help market and promote Carlsbad.

Action: Madame Chair directed staff to add a discussion item on the next agenda regarding City funding for the Visitor Information Center.

ADJOURNMENT

Chairperson April Shute adjourned the meeting at 2:25 p.m.

Respectfully submitted,

Sheryl Keller
Recording Secretary